tax dollars are being misused or wasted.

I think we have entered a time in American history where the line between Government and free enterprise has become muddled more than ever. During good times and bad—but particularly during times such as today—the American system of capitalism and free enterprise should not be manipulated for the benefit of insiders. We expect the people who are setting policy to be independent and above that kind of action.

I will note that the reports concerning how the AIG bailout was handled remain unchallenged. This is what the report is indicating: that Mr. Paulson, who was Secretary of the Treasury and who had been the CEO of Goldman Sachs, was in and out of a meeting—a very important meeting—involving the insurance company AIG. Also, in that meeting, as I recall, was Mr. Kashkari, Mr. Paulson's assistant, who was also from Goldman Sachs. But who else was in that meeting? The chairman of the board of Goldman Sachs—the current, immediate chairman at that time—and they were talking about an insurance company, AIG, and they decided to pump $80 billion into that company. Now we have pumped in $170 billion. Of course, we now know that of the money that went to AIG, $20 billion went to Goldman Sachs.

So these are the kinds of things that are causing me great difficulty. I am a lawyer. I know how things are supposed to work. When you ask for money, you raise your hand under oath. People ought to be asking you questions. If you are in bankruptcy, you have to be cross-examined by lawyers. The judge gets to ask questions. You have to submit certified financial statements before you get money. We cannot just allow a handful of people to meet in secret, decide we are in an emergency, and pass out hundreds of billions of dollars without the kind of accountability that I think is necessary.

I will say to my colleagues in the Senate, that when we passed the TARP bill, I opposed it, and I said it was far too much a grant of power to one man—the Secretary of the Treasury—to allocate money that Congress should be appropriating. I raised that point, and it was one of my top objections. I believe history has shown the language in that bill was even more broad than we thought. Because, originally, we were told the money would be used to buy toxic mortgages from banks that were in trouble. That is what Mr. Paulson told us. That is what everybody thought they were voting on—except the language was much broader than that, if anybody took the time to read it.

As soon as he got the money, within a week or so, he had decided not to buy toxic assets but to buy stock in the banks. He bought stock in the banks. Then, pretty soon, he was buying stock in an insurance company—AIG—pumping half the money into one insurance company, and $40 billion of the money that went into AIG went to foreign banks to pay the claims those banks had against AIG, as it did with other banks. We, the taxpayers, became the guarantor of an insurance company's responsibilities, which was never discussed with the Senate, the House or the American people. They just did it.

The amount of money they committed was tremendous—I believe $170 billion; whereas, the Federal highway budget for the whole United States is just $40 billion, and the education budget for the United States, the Federal Government, is $100 billion.

I don't like this process. I am seeing too many stories such as this one involving Mr. Friedman, and it is time for Congress to get serious about it. I hope the Obama administration will stand and be counted. Mr. Friedman came in, I believe, under the Bush administration, so I am not being partisan. But it is time for the Obama administration to take a stand too. Mr. Geithner was in the middle of most of this; he helped write the proposal and was, what many called, the brains behind the Paulson proposal—the $700 billion bailout.

This is a continuing problem in both administrations. It is time for Congress to reassert its constitutional responsibility to monitor the purse and to not allow money to be distributed in these kinds of sums without direct approval of the people through their elected representatives.

I thank the Chair, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

CREDIT CARDHOLDERS' BILL OF RIGHTS ACT OF 2009

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to the consideration of H.R. 627, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 627) to amend the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan, and for other purposes.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, this is the Credit Card Accountability, Responsibility, and Disclosure Act. That is what we are going to talk about over the next few days, about credit cards, about interest rates, penalty fees, and other matters.

Let me call up the amendment.

AMENDMENT NO. 1058

(Purpose: In the nature of a substitute)

The ACTING PRESIDENT pro tempore. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD], for himself and Mr. SHELBY, proposes an amendment numbered 1058.

Mr. DODD. I ask unanimous consent the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The amendment is printed in today's RECORD under ''Text of Amendments.)

Mr. DODD. For the purpose of my colleagues, this is the substitute amendment that Senator SHELBY and I have worked on over the last number of days. I want to begin by expressing, first, my gratitude to the majority leader, Senator REID, for his leadership and support in the effort to get this matter to the point we are this afternoon. Of course I express my gratitude to Senator SHELBY and his staff as well as my own staff, who worked all through the weekend to try to resolve outstanding differences to bring us to the point where we have the bipartisan proposal to offer reform of the credit card laws in our country that most Americans do not need much of a speech about. Many times we are involved in a discussion and we are informing the public for the first time about a problem, or at least a very limited number of people are aware of it. In this case, the public is probably more aware than many about problems with interest rates and fees and penalties and the like. Every single day people go through this. This afternoon I want to talk about this bill. I want to tell my colleagues what is in this credit card reform bill.

I thank the Presiding Officer, a member of the Banking Committee, along with other members of the committee who worked with us over the last number of weeks to try to complete a product here that can enjoy, I hope, as we go through this over the next day or two, broad bipartisan support.

Let me take, if I can, the next few minutes and talk about the bill specifically, what the provisions are and why we have worked so hard to pull this bill together.

This is not a new issue for me. I have been at credit card reform issues for actually more than 20 years. In the past I have not succeeded, candidly, reforming the credit card laws of our Nation. But in light of what has occurred over the last number of months and years, I think there is a greater indication of the need to step up and create some real changes, given the conditions our constituents are living with, the number of people unemployed, the obvious problem of foreclosure rates, and the like.

This issue is finding a tipping point. I believe we have a wonderful opportunity to create some meaningful reforms, and nothing would please me more than to have that kind of strong bipartisan support for these changes.

I rise in strong support of the Credit Card Accountability, Responsibility, and Disclosure Act of 2009. The substitute amendment, I have offered on behalf of myself and Senator SHELBY of Alabama, the former chairman of the Banking Committee. I thank him and his staff, and, of course, my own staff, who worked very hard on this issue—I will make specific reference to them during the debate—and who have done a terrific job in bringing this together in this bipartisan fashion.

The bill before us addresses an issue of critical importance to millions of American consumers and their families and to the stability of our financial system; that is, the need to reform the practices of our Nation's credit card companies and provide a comprehensive regime of tough new protections for consumers.

I begin by thanking Senator SHELBY for his diligence throughout this process. I also acknowledge the hard work his staff has put in negotiating this important bill, along with my own staff who have worked very hard as well.

Americans know they have a responsibility to live within their means and to pay what they owe. But they also have a right not to be deceived, misled, or ripped off by unfair and arbitrary practices that have become all too common within the credit card industry. Banning these practices is especially critical today.

Since the recession began in December of 2007, 5.1 million jobs have been lost in our Nation, with almost two-thirds of those losses occurring in the last 5 months alone. It is clear the financial crisis is hitting American families very hard indeed. But precisely at a time when our economy is in crisis and consumers are struggling to live within their means, credit card companies too often are gouging them with hidden fees and sudden interest rate hikes that for many make the task nearly impossible.

With the average outstanding credit card debt for households with a credit card now nearly $10,700, credit card companies are making an already difficult economic downturn suffocating for far too many millions of our American citizens.

The range of abusive practices is as long as it is appalling: retroactive rate increases on existing balances; double-cycle billing that charges interest on balances the consumers have already paid; deceptive marketing to young people; changing the terms of the credit card agreement at any time, for any reason, on any balance; skyrocketing penalty interest rates, some as high as 32 percent.

My colleague from New York, Senator SCHUMER, has called this ''tripwire pricing,'' saying the whole business model of the credit card industry is not designed to extend credit but to induce mistakes and trap consumers into debt. I think he is absolutely right, unfortunately. This is an industry that has been thriving on misleading its consumers and its customers.

If you need any evidence of that, just look at how they even hike interest rates on consumers who pay on time and consistently meet the terms of their credit card agreements. Take Phil Sherwood of my State, who always paid his bills on time, who had a credit score in the 700s. He is an upstanding member of his community; in fact, a city councilman in New Britain, CT. One day recently he received a notice from his credit card company informing him that his interest rate was nearly doubling, and the associated fees on his account were going up as well. He had done nothing wrong, not been late, no changes whatsoever, just an arbitrary increase.

A recent survey of the country's 12 largest credit card issuers by the Pew Charitable Trust found that Phil Sherwood was not alone. Pew reported that 93 percent of surveyed cards allowed the issuer to raise interest rates at any time, for any reason.

Between March of 2007 and February of 2008, credit card companies raised interest rates on nearly one out of every four accounts, nearly 70 million cardholders who were charged $10 billion in extra interest rates. That is within an 11-month period.

That $10 billion is not paying for college tuition; it is not paying for groceries or for safe, affordable shelter in the midst of a housing crisis. It is going straight into the pockets of credit card companies; and they are doing it for one reason—because they can.

Little wonder that we have seen a tenfold increase in the penalty fees customers have been charged in the last decade alone. Even the Federal financial regulators who dropped the ball terribly, in my view, during the subprime mortgage crisis have recognized the harm these sinister practices pose not only to consumers but also to our economy as a whole.

Recently, in fact, the Federal Reserve, the Office of Thrift Supervision, and the National Credit Union Administration finalized rules aimed at curbing some of these practices. These rules are a good first step. I want to commend them for it. They deserve commendation for having stepped up and proposed these regulations. These rules made a difference already.

But with our economy hanging in the balance, layoffs mounting, and consumers struggling to pay for basic necessities, I think the moment is right for more comprehensive reform, despite the good first step of the Federal Reserve and others.

I first began waging this fight to reform credit card company practices more than 20 years ago. Back then it was difficult to get anyone to pay much attention to what was clearly becoming a slippery slope toward more abusive and deceptive practices by these card issuers. It was a lonely fight in those days.

But today we have an American President, President Obama, on our side. He recognizes that credit card reform is not incidental to our economic recovery. As he has stated over and over again, it is essential to it. He has pledged to get credit card reform ''done in short order'' to quote him exactly, and said this weekend that he wants us to send him a bill by Memorial Day.

I intend to do everything I can, and I am sure my colleagues will, to ensure we meet that challenge—not for the President, not for the White House, but for the consumers and customers out there who are waiting to see whether we will step up on this side of the ledger and do something on their behalf.

We have spent a lot of time in this body, a lot of time over the past weeks and months, to help the financial institutions, to stabilize them, to get them on their feet, to get credit flowing again. I believe those decisions, by and large, we have made have been the right ones, although clearly we could have started earlier.

But now it is time to do something for the other side of that ledger; that is, for consumers out there who deserve a break, particularly with practices, as I mentioned: 70 million accounts having their rates raised in the last year alone, and people such as Phil Sherwood having them raised for no reason whatsoever, solely because the issuer can do so.

So it is time we do this—not for the President, not for the White House, not because the President would like it but, more importantly, because the American consumers deserve it in these times to get the help they need in this area.

So today as the Senate takes up the credit card legislation, we stand up for the people in this country who want no more of these practices, no more tricking customers into taking on more debt than they agreed to, no more taking advantage of financially responsible credit card users, and no more abuse of consumers that goes unpunished.

The time has come to insist on consumer protections that are strong and reliable, rules that are transparent and fair, and statements that are clear and informative. Those principles are the very essence of the Credit Card Act.

Allow me to take, if I can, just a few minutes to explain how the provisions of this bill will work. First and foremost, this legislation prevents unfair and arbitrary increases in interest rates and changes in the terms of credit card contracts.

Why is this so important? I recently met Kristina Jorgensen, a graphic designer from Southbury, CT. She transferred her student loans to a credit card to take advantage of the low ''fixed rate'' offer, only to have the interest rates on that debt increase from 5 percent to 24 percent.

Her monthly payments increased by $260. She had to cash in her retirement IRAs to pay off the credit card debt, all because she paid 1 day late by phone. Let me repeat that: never in trouble before, saw an opportunity to pay off her student loans, she sent out, with that 5-percent rate she had because of her good record over the years, and all of a sudden, because she is 2 days late—one of them a Sunday, by the way, because she paid by phone, not through the mail—her rates went from 5 percent to 24 percent, thereby crippling her ability, draining off that IRA. She did not graduate from college a year or two ago. I will tell you she is far closer to my age than a high school senior or a college graduate's normal age.

So here she is at a point of retirement in her life where her IRA, her individual retirement account, now has been drained of a good part of its value because her rates went from 5 to 24 percent.

What happened to Ms. Jorgensen is wrong. Having one's retirement security wiped out is frightening under any circumstances. But it is positively terrifying in a recession.

Samantha Moore and her husband, a small business operator—Samantha is a paralegal from Guilford, CT—experienced a similar situation. She had her credit card interest rate raised from 12 percent to 27 percent. Why? Because she was 3 days late on a credit card payment for the first time in 18 years. She and her husband, who own a small business, saw their credit card limit drop from $31,000 to just over $4,000—the credit limits from $31,000 to just over $4,000, a small business, 3 days late, first time in 18 years, and they watched the rate jump to 27 percent, and their credit limits plummet to a point which pushes that business into jeopardy.

So I would ask my colleagues: What is a family in this economy supposed to do if they are counting on that credit card to help them through a medical crisis. That one patently unfair decision could mean the difference between scraping by during a recession and a financial catastrophe.

The legislation Senator SHELBY and I have put together prevents credit card companies from unjustifiable ''anytime, any reason'' rate increases on existing balances for people such as Samantha and Kristina.

Our bill also prohibits credit card issuers from increasing rates on a cardholder in the first year after a credit card account is opened and requires promotional rates to last at least 6 months.

Our bill prohibits issuers from changing the terms governing the repayment of an outstanding balance. For the first time ever we put provisions in place that ensure that risk-based pricing will not always work against the consumer and drive up rates.

This legislation says, if your issuer has raised your rate since the beginning of the year, they have to review your account within 6 months and bring the rate back down if the review warrants it, thus putting an end to the kind of risk-based pricing that always costs the consumer more and never less.

Secondly, our bill puts an end to the exorbitant and unnecessary fees that drive families further into debt. Not that long ago, if you were over your credit card limit, your card was declined at the store. I am old enough to remember when that could happen—it happened to me—that awkward moment when you have gone to purchase something, and you are standing in line, and all of a sudden that clerk says, ''I am sorry, but you have been rejected.''

That is always an awkward moment, particularly if people are standing behind you in that line, and you take your purchases and sheepishly walk away and put them back on the shelf because you went over your limit.

It was not comfortable, but it protected you against going over the limit. In those days you did not have to ask for it, it happened automatically. Well, that has all changed, of course, in recent days. In fact, the issuers enjoy that moment because when you walk up and purchase something, despite the fact that you may want a fixed limit, at that point you go over, of course, then the penalty fees and other charges pour in. Of course, that becomes a bonanza on additional penalties collected.

Now, I am not suggesting the consumer does not bear a responsibility. But in the past there was a responsibility exercised on both sides of that equation, a borrower and lender. Here lately, of course, that equation has been disrupted. Today we have repeatedly heard about cardholders being charged enormous fees for unknowingly going a few dollars over their credit limit.

Our bill prohibits issuers from charging hidden over-the-limit fees. It says if cardholders want to go over their card limit, they have to ''opt in'' with their issuer, putting the choice of going over the credit card limit and paying extra fees squarely in the hands of consumers, not the banks.

Our bill also requires penalty fees to be reasonable and proportional to the violation. Further, our bill prevents companies from charging fees for customers making payments by mail, telephone, or electronically, and strengthens protections against excessive fees on low-credit, high-fee credit cards. The days of issuers unreasonably jacking up these fees to unreasonably high levels to make money on the backs of consumers will be over.

Third, our bill protects the rights of financially responsible credit card users. Say last month, for instance, you had a credit card debt of $1,000, and since then you have paid $900 of that debt off. It is not uncommon for some credit card companies to keep charging interest not on the remaining $100 of debt but on the full previous $1,000 of debt. Our bill puts an end to this so-called ''double-cycle billing,'' and says if the credit card company delayed crediting your payment, you will not be charged for their mistake.

Our bill also requires the credit card statement to be mailed 21 days before the bill is due rather than the current 14. The bill also encourages transparency in credit card pricing, requiring the Government Accountability Office to study the effect that interchange fees have on our merchants and consumers.

I thank a number of my colleagues who expressed a strong interest in that subject matter. There will be a study done on this issue. It is a complicated area, the interchange fees, but a lot of retail stores are deeply concerned about these fees, the excessive charges they believe exist. They would like to see some changes.

I have promised my colleagues who expressed an interest that we will take this up. I believe it is Senator CORKER of Tennessee who has written a stronger study provision than the one we had originally crafted. I thank him. I know he has a strong interest in this subject, as do other Members. We will get to the interchange fees at a later date. Certainly, a study would give us a better framework in which to consider legislation.

Fourth, our bill provides far better disclosure of card terms and conditions. One member of the credit card industry recently told Time magazine, ''The American people cannot manage their credit.'' Well, it is not hard to understand why. A quarter of a century ago, a typical credit card contract was about a page in length. Today, it is 30 times as long and 100 times more incomprehensible. You practically need a microscope to read what it says and a law degree to understand what it means. If this financial crisis has taught us anything, it is that consumers can only make responsible decisions if they have all the necessary information. The American consumer should not have to live in fear that a clause buried in the fine print of their credit card contract might someday be their financial undoing.

Our legislation also requires credit card issuers to provide far better disclosure of terms and conditions. The bill says cardholders must be given 45 days' notice of an interest rate increase. The bill mandates that issuers disclose to consumers when the card terms have changed, and it forces issuers to disclose how long it will take to pay off a card balance if you only make minimum payments, something our colleague from Hawaii, Senator

DAN AKAKA, has led the fight for over many years.

The bill also requires the Federal Reserve Board to post consumer credit card agreements on its Web site.

Fifth, our bill insists on a fair allocation of payments. Many cardholders hold multiple credit card balances with multiple interest rates. If you send an extra thousand dollars along, for example, with your minimum payment, that amount should be credited to the account with the highest interest rate first. Our legislation ensures that it will be.

Our bill also prohibits issuers from setting early-morning deadlines for credit card payments. We all understand that we have to pay our credit card bills on a specific date, but what too many card companies don't tell you is that it isn't just the date the payment is due but often a specific time in the day. In too many cases, it is in the morning rather than at the end of business for that day. So, for example, if you pay your bill—call the company or make an online payment—before the close of business on the due date, sometimes you will get penalized for a late payment because the credit card deadline, unbeknownst to the cardholder, was at 10 a.m. that morning on the due date. This legislation puts a stop to that as well.

I should add that for the very first time the Federal Government will provide new protections for recipients of gift cards, and we thank our colleague from New York, Senator SCHUMER, for his leadership on this issue. This legislation will make it easier for recipients of gift cards to cash them in. Under the Schumer provision, if you receive a gift card, your balance won't disappear before you have a chance to spend it.

Sixth, this legislation includes robust protections for young people and students. Recently, my 7-year-old daughter received a credit card solicitation in the mail. We laughed it off, but it brings up a serious point. Young people—and ultimately their parents—are faced with an onslaught of credit card offers, often years before they turn 18, usually as soon as they set one foot on a college campus. Just as we saw in the mortgage crisis with lenders and borrowers, too often issuers offer cards to young people without verifying any ability to repay whatsoever. This is particularly true for students. According to Sallie Mae, college students graduate with an average credit card debt of more than $4,000. That is up from $2,900 just 4 years ago. Nearly 20 percent of college students have credit card balances of over $7,000.

Our bill requires issuers soliciting anyone under the age of 21 to obtain the signature of a parent or guardian or someone else who will take responsibility for the debt or proof that the applicant, as many are capable of doing under the age of 21, has some independent means of repayment. It prohibits increases in credit card limits unless that person who is a cosponsor or is jointly liable approves of the increase in writing. Our bill limits the kinds of prescreened offers that get so many young people into trouble.

I thank our colleague from New Jersey, Senator MENENDEZ, for his leadership on this issue. It is time to insist that credit card companies take into account a young person's ability to repay before allowing them to take on what is all too often a lifetime worth of debt. Very little we do in our legislation will be more important than these provisions. Many of my colleagues on the Banking Committee expressed a strong interest in these provisions. I don't have the statistics in front of me, but a significantly high percentage of students drop out of school because of the debt they have incurred. A lot of it is credit card debt, not just the student loans but the credit card debt.

That is also why the final component of our bill is so critical as well. That involves tougher penalties and enforcement. Credit card companies need to understand that if they violate the terms of an agreement with a cardholder, there will be serious consequences.

With this legislation, if your credit card company wrongly raises your rate, the company could pay as much as $5,000 per violation—even higher if the company is found to engage in a pattern or practice of violations. Our goal is not to be punitive, although I can understand why someone might want to be, given some of the practices that have gone on over the last number of years. Rather, we need to put in place strong incentives that will encourage these companies to act more responsibly in the first place.

Every one of these provisions I have mentioned is rooted in simple common sense; no more tricks, no more strings attached. Over and over, we have heard that consumers should act responsibly when it comes to credit cards. I agree completely. We all need to act more responsibly. But it is time the credit card companies were held to that same standard, and with this legislation they will be.

I thank Senators SCHUMER, AKAKA, MENENDEZ, TESTER, and KOHL on the committee, who have strongly supported the fight to protect consumers against predatory credit card practices. Senator CARL LEVIN of Michigan has been a champion of credit card protections for many years as well and generated some important ideas that are included in the bill Senator SHELBY and I are offering. For decades, their efforts have fallen on deaf ears but not this time.

Today, with practices so brazen and widespread, as our economy quite literally hangs in the balance, one thing is clear: This is the moment for credit card reform. Our economy will not recover if we allow practices such as those I am talking about today that drive so many families deeper and deeper into debt. Americans do not deserve and cannot afford to be pushed down this economic ladder by credit card issuers any longer. This is a once-in-a-generation opportunity. In my view, we will never have a better opportunity to protect consumers than we do today with what we propose.

This legislation has been worked on extensively over the last number of weeks. We listened to a lot of people, including the issuers, to make sure what we are doing is fair and balanced and gets to the heart of the matter; that is, to cut out these excessive increases, without warrant, in rates and fees and penalties that I have mentioned.

Forty-six years ago, President John Kennedy delivered his special message to Congress on protecting consumer interest. In that speech, he established four very simple rights: the right to safety, the right to be informed, the right to choose, and, above all, the right to be heard, to be assured that consumer interests would receive full and sympathetic consideration in the formulation of Government policy. I cannot think of a single issue or moment where the need to act on principles articulated nearly half a century ago—and embraced by our current President and many in this Chamber of both political parties—was clearer or more urgently needed than those articulated by President Kennedy more than four decades ago.

I urge my colleagues to support this legislation, to stand up for American families who are already facing tremendous difficulties on a daily basis, with rising costs in energy and health care, the difficulty of holding on to their homes. All of these issues are confronting them. At the very least, having spent as much time as we have on dealing with stabilizing financial institutions, to take out a few days in all of the debate and stabilize American families by reducing outrageous and egregious practices that have added so many financial burdens to them is long overdue.

Senator SHELBY and I are proud of this substitute. We thank our colleagues who helped us work on it. We look forward to the debate on amendments that may be offered. Some may strengthen what we have suggested. Others may try to undo it. But we need to have a full and open debate. Then my hope is that, by an overwhelming vote, my colleagues will support this legislation.

The House has already acted—I commend them—under the leadership of BARNEY FRANK and others on the Financial Services Committee in that Chamber. Our intention is to follow with this legislation. Congresswoman CAROLYN MALONEY deserves credit, having authored the legislation in the House.

We think we have a good bill, a strong bill. We think we have made some improvements on what the House recommended. I look forward to the debate that is forthcoming.

Amy Friend and Lynsey Graham, who are sitting here next to me, did a remarkable job in negotiating, working with other Members, with outside interests, including the issuers and consumer groups, on putting this bill together. Charles Yi, as well, worked on this, and Colin McGinnis. A lot of people worked on this. But these three—Charles Yi, Lynsey Graham, and Amy Friend—did a great job.

Our staffs do so much hard work and don't get the credit they deserve for the work they do. I am deeply grateful to them for their tremendous leadership as well.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. HAGAN). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SANDERS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

75TH BIRTHDAY OF SENATOR JAMES JEFFORDS

Mr. SANDERS. Madam President, today we celebrate the 75th birthday of Senator James Merrill Jeffords of Vermont, who was born in Rutland, VT, on May 11, 1934.

He is the son of Marion Hausman and Olin Jeffords. His father served as chief justice of the Vermont Supreme Court.

Jim Jeffords went to college at Yale University and thereafter got a law degree from Harvard Law School. He served 3 years of Active Duty in the U.S. Navy and was in the Naval Reserves until he retired as captain in 1990.

In 1966, he entered the political world and was elected to the Vermont State Senate. Two years later, he ran for Vermont attorney general and was elected to that position. In 1974, he ran for Vermont's seat in the U.S. House of Representatives and served for 14 years. In 1988, Jim Jeffords was elected to the Senate of the United States. He was reelected in 1994 and 2000. In 2006, he retired from public life.

Jim Jeffords' mother was a music teacher. Her work had a profound impact on his life. While in Congress, he cofounded the Congressional Arts Caucus. He also began the Congressional High School Art Competition, a bipartisan program that celebrates the talents of local high school students in congressional districts all across America. That program still exists and flourishes.

Jim Jeffords' work in both the House and the Senate was centered on education, on job training, and on individuals with disabilities, culminating in his strong support for the Individuals with Disabilities Education Act. He will be long remembered as a champion of education, and especially for providing new and rich educational opportunities for those millions of Americans with disabilities who in too many instances were ignored by our schools.

Jim Jeffords continued a long Vermont tradition, in the footsteps of his predecessors Senator Robert Stafford and Senator George Aiken, of serving on the Environment and Public Works Committee. When he assumed the chair of that committee, he provided early and courageous leadership on an emergent problem, which today we recognize as the central environmental issue of our time: global warming.

Early on, Jim Jeffords recognized that the buildup of greenhouse gases would change the climate of our entire planet. He said about it:

> The climate is warming, it is due to human activity, and only a change in human behavior will ensure that my grandson, Patton Henry Jeffords, will not suffer the consequences.

But he not only recognized the problem, he set about finding a solution, drafting far-reaching cap-and-trade legislation which even today represents the single most important Federal route to reducing greenhouse gases and to lessening and hopefully reversing global warming. As we consider cap-and-trade legislation in this session, we will be continuing the work Jim Jeffords helped begin and which his foresight set on the national agenda.

In 2001, Jim Jeffords, in a move of great courage, left the Republican Party and became an Independent. This action changed control of the Senate, won widespread support in Vermont, and thrust this normally reserved and quiet man into the national spotlight.

On October 1, 2002, Jim Jeffords was 1 of 23 Senators to vote against authorizing the use of military force in Iraq.

I, personally, have known Jim Jeffords for 37 years, and I can attest to the warmth and affection with which he is held to this day in the State of Vermont. Unassuming, straightforward, and honest, he is respected not only by those who agreed with his views but by those who disagreed. His service has been a beacon of Vermont independence and vision, and so I join the rest of my fellow citizens in Vermont and the Senators in this body in wishing Jim a very happy 75th birthday.

Madam President, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEVIN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Madam President, I understand there is a unanimous consent agreement that needs to be propounded, and I yield for that purpose.

The PRESIDING OFFICER. The Senator from Arizona.

UNANIMOUS CONSENT REQUESTS—H.R. 131

Mr. KYL. Madam President, I appreciate the courtesy of my colleague from Michigan.

I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 131, the Ronald Reagan Centennial Commission Act. I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

Mr. DODD. Madam President, I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Connecticut.

Mr. DODD. Madam President, as a counter to that proposal, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 49, H.R. 131, the Reagan Commission bill; that a Feingold amendment, which is at the desk—the text of S. 564, the Wartime Treaty Study Act—be agreed to; the bill, as amended, be read a third time and passed; and the motions to reconsider be laid upon the table with no intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. KYL. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DODD. Madam President, I would note that the objection I registered was on behalf of Senator FEINGOLD, and I wish the RECORD to reflect that.

The PRESIDING OFFICER. The RECORD will so reflect.

The Senator from Michigan.

Mr. LEVIN. Madam President, I am here today to strongly support the Dodd-Shelby substitute to the House bill on credit card reform. Before I proceed with my statement, I wish to say how appreciative I am, and the country will be, for the efforts of CHRIS DODD and Senator SHELBY. This has been an effort on the part of Senator DODD which has been ongoing for a long time. It is a very difficult, complex effort that he has taken under his wing and mastered. When we can get this passed—and hopefully we will by the end of May, as the President has requested—there will be a very strong feeling across this country that, hallelujah, the Congress has finally acted to correct some of the abuses which have cost our consumers so many hundreds of billions of dollars in unfair charges by some credit card companies.

Millions of Americans today are facing the worst economic crisis of their lifetime. Their hardship is being compounded by unfair credit card fees and interest charges. It is long past time for us to do something about it. The Credit Cart Accountability, Responsibility, and Disclosure Act of 2009, which is 414, introduced earlier this year by Senator DODD, myself, and a number of our colleagues to combat credit card abuses, is the best chance we have to do just that. With this substitute, we are going to be able, I believe, on a bipartisan basis, with hopefully enough support in the Senate, to accomplish our goal.

With home prices falling and unemployment rising, millions of Americans who are still managing to pay their credit card bills on time have nonetheless been subjected to hiked interest rates. They have been hit with a double whammy—hard economic times and abusive credit card interest rates and fees. It is simply wrong for America's banking giants to try to dig themselves out of the hole they put themselves in by putting American families into a deeper hole with fees and sky-high interest charges that are often retroactively applied. Even as the prime rate of interest has gone down, some credit card companies have hiked interest rates on millions of customers who play by the rules. To add insult to injury, banks that received bailouts are frequently the ones that are punishing the very taxpayers they came to for financial rescue.

Credit card companies have used a host of unfair practices. They unilaterally hike the interest rates of cardholders who pay on time and comply with the credit card agreements they entered into. They impose interest rates as high as 32 percent, and they apply higher interest rates retroactively to existing credit card debt. They pile on excessive fees and then charge interest on those fees, and they engage in a number of other unfair practices that are burying American consumers in a mountain of debt.

I have received thousands of letters from people who have been treated unfairly by their credit card companies and feel they are powerless to do anything about it. The letters come from people from all over the country, from all walks of life; letter after letter, each more poignant than the next.

The President has also heard those voices. He has made clear his support for ending abusive practices which cause so much pain and financial damage to American families, and he has called on Congress to send him a bill by the end of this month.

We can and we should meet that deadline. The House has acted. Their version of this bill passed the House on April 30 by a vote of 357 to 70, garnering support from a majority from both parties. A similar vote in the Senate on the CARD Act will send a strong message that standing up for the American taxpayer and consumer is a bipartisan priority.

Under this bill, card issuers will no longer be able to engage in the abusive business practice of first extending credit at one interest rate, and then unilaterally jacking up the interest rate after the money is owing. Our bill doesn't restrict fair lending; it only affects credit card companies that engage in irresponsible lending practices that bury people unfairly in debt, the sort of debt that the companies often don't even expect to fully recover, but profit from nonetheless, through the extraction of fees and interest.

Some argue that it is the role of regulators, not Congress, to combat unfair lending practices. But for years Federal regulators have not taken up that task. Instead, they stood largely by silently while deceptive and unfair practices became entrenched in the credit card industry. The Federal Reserve, in particular, charged with issuing credit card regulations, failed to take action until congressional hearings and public outrage forced attention on credit card abusers.

Six months ago, the Federal Reserve and other bank regulators finally acted, issuing a regulation last December to stop some of the unfair practices. For example, the new regulation prohibits banks from retroactively raising interest rates on cardholders who meet their obligations, requires banks to mail credit card bills at least 21 days before the payment due date, and forces banks to more fairly apply consumer payments.

But the regulation, regrettably, leaves in place blatantly unfair credit card practices that mire families in debt. It fails to stop, for example, abuses such as charging interest on debt that was paid on time, charging people a fee simply to pay their bills, and hiking interest rates on a credit card because of a misstep on another unrelated debt, a practice known as universal default. It doesn't stop the charging of interest on fees. Legislation is needed not only to end those abusive practices that are not prohibited by the Federal Reserve regulation, but also to provide a statutory foundation for the new credit card regulation so that it cannot be weakened or withdrawn in the future.

The Dodd-Levin bill, as introduced, banned each of these unfair practices that were still allowed by the Federal Reserve rules. The substitute introduced today would not go as far as the Dodd-Levin bill, but offers a good compromise with strong consumer protections that ought to attract widespread support in the Senate. The substitute remains stronger, for example, than both the Federal Reserve credit card regulations and the House credit card bill in a number of ways. For example, it would prohibit retroactive interest hikes for cardholders who pay their bills on time and would allow them only for those who pay more than 60 days late. Even then, if would require banks to restore a lower interest rate for persons who had paid 60 days late but then made 6 months of on-time payments. The bill would also prohibit interest charges for debt that is paid on time, a key consumer protection for which I have been fighting for years. In addition, the bill would put its consumer protections in place 9 months from now instead of the longer regulatory deadline of July 2010 or the 1-year delay in the House bill.

The bill, of course, will not only help protect consumers and ensure their fair treatment, but it will also make certain that credit card companies that are willing to do the right thing are not put at a competitive disadvantage by companies continuing unfair practices.

In 2006, Americans used 700 million credit cards to buy about $2 trillion in goods and services. The average family has five credit cards. Credit cards are being used to pay for groceries, mortgage payments, and even taxes. And they are saddling U.S. consumers, from college students to seniors, with a mountain of debt. The latest figures show that U.S. credit card debt is now approaching a trillion dollars. Credit cardholders are routinely being subjected to unfair practices that squeeze them for ever more money, sinking them further and further into debt.

I strongly commend Senator DODD, chairman of the Banking Committee, for taking action to move our credit card bill through the committee, despite some opposition. I also commend Senator SHELBY for joining him in this substitute. Now is the time for the full Senate to act so that we can then resolve any differences with the House, and send the bill to President Obama, who has said he is ready to sign credit card legislation.

For years now, we have been combating abusive credit card practices on our Permanent Subcommittee on Investigations, which I chair. The subcommittee held two investigative hearings in 2007, exposing those practices. I introduced legislation that same year, S. 1395, the Stop Unfair Credit Practices in Credit Cards Act. I am pleased that at that time we had so many cosponsors, including Senators MCCASKILL, LEAHY, DURBIN, BINGAMAN, CANTWELL, WHITEHOUSE, KOHL, BROWN, KENNEDY, and SANDERS. We followed that by introducing the Dodd-Levin bill in this Congress. It incorporated much of the previous Senate bill that I referred to, and it added other important protections as well. The Dodd-Levin bill then provided the foundation for the Dodd-Shelby substitute.

Senator DODD already outlined most of the important provisions in the CARD Act. I want to highlight three provisions that I believe are critical to delivering relief to American families and returning common sense to the credit card business.

First, the bill will prohibit interest charges on any portion of a credit card debt which the cardholder paid on time during a grace period. Virtually all credit cards provide a grace period, so called, in which a credit card debt can be repaid without incurring interest charges. But what most people don't realize is that the credit card industry restricts this grace period to people who pay off their entire balance in full. If a cardholder repays only part of the balance during the grace period, even though it is more than the minimum amount, the issuer charges interest on the entire balance—even the portion that was repaid on time.

If I charge $5,000 in a month and pay off $2,500 by the due date—again, an amount far more than the minimum payment required—I will still be charged interest on the full $5,000 balance, starting with the first day of the billing period. That policy is unfair, counterintuitive, and it is unknown to a vast majority of cardholders who pay the added interest. The CARD Act will return a commonsense interpretation of the grace period and simply prohibit the charging of interest on debt that is paid on time.

Another key provision would limit the circumstances under which a credit card company can hike the interest rate applicable to a cardholder's existing debt. Right now, credit cards are the only type of loan I know of whose terms can be unilaterally changed after the loan is incurred. Even in the toughest market conditions, for example, car companies cannot increase the interest rate on a car loan, even if a borrower pays late. The credit card companies can unilaterally hike a cardholder's interest rate at any time, for just about any reason, or no reason at all. This patently unfair practice violates accepted practice in the lending field outside of credit cards, and the bill will put an end to that. The substitute will ban retroactive rate hikes for existing balances except in limited circumstances, the most important of which is that it would ban such interest hikes for cardholders who pay on time and would allow them only for cardholders who pay more than 60 days late. Even then, it will require banks to restore the prior lower rate if the cardholder follows with 6 months of on-time payments. While our Dodd-Levin bill would have gone even further and banned retroactive rate hikes, period, the substitute offers a reasonable compromise that will provide greater protection in this area than the Federal Reserve regulation, or the House bill, both of which would allow retroactive interest rate hikes if a person paid more than 30 days late.

Finally, while the substitute before us does not go as far as our Dodd-Levin bill did to prohibit universal default, the substitute does place important limits on how card companies can raise rates when cardholders have met their obligations and pay their credit card bills on time. Right now, credit card companies can unilaterally hike a cardholder's interest rate if the company receives information indicating that the cardholder is an increased risk of not paying his or her debts, even if the cardholder has a years-long record of on-time payments and has never paid a bill late to that company. The companies can apply the new higher rate to the cardholder's existing debt, as well as future debt.

The substitute would put an end to that practice as it applies to existing balances. It provides that if a cardholder meets the obligation of the card agreement by paying on time and staying under the credit limit, the credit card company must hold its end of the bargain and honor the terms of the agreement. In other words, it cannot raise the interest rate applicable to the cardholder's existing debt. The substitute would, however, allow the credit card company to increase the interest rate applicable to future debt—meaning debt not yet incurred. In addition, under the substitute, if a card company increased an interest rate on a cardholder because of credit risk, or market condition, the company would be required to review the increase after 6 months and reverse it if conditions warrant. While my preference would be to prohibit unilateral rate increases entirely, the compromise is a significant improvement over current law. It would ban unilateral interest rate hikes on existing debt for consumers who play by the rules.

To understand why these protections are needed, here are some examples of the credit card abuses we uncovered and some of the stories that American consumers shared with us during the course of the inquiries carried out by my Permanent Subcommittee on Investigations.

The first case history we examined illustrates the fact that major credit card issuers today impose a host of fees on their cardholders, including late fees and over-the-limit fees that are not only substantial in themselves but can contribute to years of debt for families unable to immediately pay them.

Wesley Wannemacher of Lima, OH, testified at our March 2007 hearing. In 2001 and 2002, Mr. Wannemacher used a new credit card to pay for expenses mostly related to his wedding. He charged a total of about $3,200, which exceeded the card's credit limit by $200. He spent the next 6 years trying to pay off the debt, averaging payments of about $1,000 per year. As of February 2007, he had paid about $6,300 on his $3,200 debt, but his billing statement showed he still owed $4,400.

How is it possible that a man pays $6,300 on a $3,200 credit card debt, but still owes $4,400? Here's how. On top of the $3,200 debt, Mr. Wannemacher was charged by the credit card issuer about $1,100 in late fees, $1,500 in over-the-limit fees, and about $4,900 in interest. He was hit 47 times with over-limit fees, even though he went over the limit only 3 times and exceeded the limit by only $200. Altogether, these fees and the interest charges added up to $7,500, which, on top of the original $3,200 credit card debt, produced total charges to him of $10,700.

In other words, the interest charges and fees more than tripled the original $3,200 credit card debt, despite payments by the cardholder averaging $1,000 per year. Unfair? Clearly, but our investigation has shown that exhorbitant interest charges and fees are not uncommon in the credit card industry.

The week before our March hearing, his credit card company decided to forgive the remaining debt on the Wannemacher account, and while that was great news for the Wannemacher family, that decision didn't begin to resolve the problem of excessive credit card fees and sky-high interest rates that trap too many hard-working families in a downward spiral of debt.

These high fees are made worse by the industry-wide practice of including fees in a consumer's outstanding balance in a manner that would also incur interest charges. Those interest charges magnify the cost of the fees and can quickly drive a family's credit card debt far beyond the cost of their initial purchases. It is one thing for a bank to charge interest on funds lent to a consumer; charging interest on penalty fees goes too far.

Another troubling case history involves Charles McClune, a 51-year-old Michigan resident who is married with one child. Mr. McClune had a credit card account which he closed in 1998, and has been trying to pay off for more than 10 years. Due to excessive fees and interest rates, and despite paying more than four times his original credit card debt of less than $4,000, Mr. McClune still owes thousands on his credit card, with no end in sight.

Mr. McClune first opened his credit card account while in college, in 1986, through a student-targeted credit promotion at a Michigan bank. After leaving college, the credit limit on his card was increased to $4,000. By 1993, although he had not exceeded the credit limit through purchases, Mr. McClune had missed some payments and was assessed interest and fees that pushed his balance over the $4,000 limit. From 1993 to 1996, he exceeded his limit again, on several occasions, due to interest and fee charges. He stopped making purchases on the credit card in 1995.

In 1996, Mr. McClune's credit card account was purchased by Chase Bank. In 1998, Mr. McClune asked Chase to close the account, and Chase did so. Although he never made a single purchase on his credit card while the account was with Chase, Chase repeatedly increased the interest rate on his account, including after the account was closed. In 2002, for example, his interest rate was about 21 percent; by October 2005, it had climbed to 29.99 percent where it remained for more than two years until March 2008; it then dropped slightly to 29.24 percent. The higher interest rates were applied retroactively to Mr. McClune's closed account balance, increasing the size of his minimum payments and his overall debt.

Chase also assessed Mr. McClune repeated over-the-limit and late fees, which began at $29 and increased over time to $39 per fee. Chase cannot locate statements for Mr. McClune's account prior to February 2001, so there is no record of all the fees he has paid. The records in existence show that, since February 2001, he has paid 64 over-the-limit fees totaling $2,200. Those fees stopped after the March 2007 hearing before my subcommittee, in which Chase promised to stop charging more than three over-the-limit fees for a single violation of a credit card limit. In addition to the 64 over-the-limit fees, since February 2001, Chase has charged Mr. McClune nearly $2,000 in late fees.

The records also show that since 2001, Mr. McClune was contacted on several occasions by Chase representatives seeking payment on his account. If he agreed to make a payment over the telephone, Chase charged him—without notifying him at the time—a fee of $12 to $15 per telephone payment. When asked about these fees, Chase told the subcommittee that the fees were imposed, because on each occasion Mr. McClune had spoken with a ''live advisor.'' Since 2001, he has paid a total of $160 in these pay-to-pay fees.

Altogether, since 2001, Mr. McClune has paid nearly $4,400 in fees on a debt of less than $4,000. If the more than 4 years of missing credit card bills were available from 1996 to 2000, this fee total would be even higher. In addition, each fee was added to Mr. McClune's outstanding credit card balance, and Chase charged him interest on the fee amounts, thereby increasing his debt by thousands of additional dollars.

In February 2001, Chase records show that Mr. McClune's credit card debt totaled nearly $5,200. For the next 7 years, although he did not pay every month, Mr. McClune paid nearly $2,000 per year toward his credit card debt, but was unable to pay it off. At one time, he paid $150 every 2 weeks for several weeks. Those payments did not bring his debt under the $4,000 credit limit, or reduce his interest rate.

In January 2007, Mr. McClune received a letter from Chase stating that if he made his next payment on time, he would receive a $50 credit on his debt. Mr. McClune cashed out his IRA and paid $4,000 on his credit card debt. Because he made this payment in February, however, he did not receive the $50 credit for an on-time payment. Instead, he was assessed a $39 late fee, a $39 over-the-limit fee, and a $14.95 payment fee for making the $4,000 payment over the telephone.

Mr. McClune was never offered a payment plan or a reduced interest rate by Chase to help him pay down his debt. His credit card bills show that from February 2001 to June 2008, he paid Chase a total of $15,800. If the 4 years of missing credit card bills from 1996 to 2000 were available, his total payments would likely exceed $20,000. In June 2008, his credit card bill showed he was charged 29 percent interest and a $39 late fee on a balance of $3,300.

How could Mr. McClune pay $15,000 to $20,000 on credit card purchases of less than $4,000, and still owe $3,300? His credit card statements since 2001 show that he was socked with over $9,700 in interest charges, $2,200 in over-the-limit fees, $2,000 in late fees, and $160 in pay-to-pay fees. All of these interest charges and fees were assessed by Chase while the account was closed and without a single purchase having been made since 1995. Despite his lack of purchases and payments totaling $15,800, Chase records show that, from February 2001 until June 2008, Mr. McClune was able to reduce his credit card balance by only about $1,850.

Mr. McClune is not trying to avoid his debt. He has made years of payments on a closed credit card account that he has not used to make a purchase in 13 years. He has paid thousands and thousands of dollars—four and possibly five times what he originally owed—in an attempt to pay off his credit card account. He is still paying. But his thousands of dollars in payments are not enough for his credit card issuer which is squeezing him for every cent it can, fair or not, for years on end.

Tragically, Mr. McClune and Mr. Wannemacher have a lot of company in their credit card experiences. The many case histories investigated by my subcommittee show that responsible cardholders across the country are being squeezed by unfair credit card lending practices involving excessive fee and interest charges. The current regulatory regime—even with the new Federal Reserve regulation—is insufficient to prevent these ongoing credit card abuses. Legislation is clearly needed.

Another galling practice featured in our hearings involves the fact that credit card debt that is paid on time routinely accrues interest charges, and credit card bills that are paid on time and in full are routinely inflated with what I call ''trailing interest.'' Every single credit card issuer contacted by the Subcommittee engaged in both of these unfair practices which squeeze additional interest charges from responsible cardholders.

Here's how it works. Suppose a consumer who usually pays his account in full, and owes no money on December 1st, makes a lot of purchases in December, and gets a January 1 credit card bill for $5,020. That bill is due January 15. Suppose the consumer pays that bill on time, but pays $5,000 instead of the full amount owed. What do you think the consumer owes on the next bill?

If you thought the bill would be the $20 past due plus interest on the $20, you would be wrong. In fact, under industry practice today, the bill would likely be twice as much. That is because the consumer would have to pay interest, not just on the $20 that wasn't paid on time, but also on the $5,000 that was paid on time. In other words, the consumer would have to pay interest on the entire $5,020 from the first day of the new billing month, January 1, until the day the bill was paid on January 15, compounded daily. So much for a grace period! In addition, the consumer would have to pay the $20 past due, plus interest on the $20 from January 15 to January 31, again compounded daily. In this example, using an interest rate of 17.99 percent, which is the interest rate charged to Mr. Wannamacher, the $20 debt would, in 1 month, rack up $35 in interest charges and balloon into a debt of $55.21.

You might ask—hold on—why does the consumer have to pay any interest at all on the $5,000 that was paid on time? Why does anyone have to pay interest on the portion of a debt that was paid by the date specified in the bill—in other words, on time? The answer is, because that's how the credit card industry has operated for years, and they have gotten away with it.

There is more. You might think that once the consumer gets gouged in February, paying $55.21 on a $20 debt, and pays that bill on time and in full, without making any new purchases, that would be the end of it. But you would be wrong again. It is not over.

Even though, on February 15, the consumer paid the February bill in full and on time—all $55.21—the next bill has an additional interest charge on it, for what we call ''trailing interest.'' In this case, the trailing interest is the interest that accumulated on the $55.21 from February 1 to 15, which is the time period from the day when the bill was sent to the day when it was paid. The total is 38 cents. While some issuers will waive trailing interest if the next month's bill is less than $1, if a consumer makes a new purchase, a common industry practice is to fold the 38 cents into the end-of-month bill reflecting the new purchase.

Now 38 cents isn't much in the big scheme of things. That may be why many consumers don't notice these types of extra interest charges or try to fight them. Even if someone had questions about the amount of interest on a bill, most consumers would be hard pressed to understand how the amount was calculated, much less whether it was incorrect. But by nickel and diming tens of millions of consumer accounts, credit card issuers reap large profits. I think it is indefensible to make consumers pay interest on debt which they pay on time. It is also just plain wrong to charge trailing interest when a bill is paid on time and in full.

My subcommittee's hearings also focused on another set of unfair credit card practices involving fair interest rate increases. Cardholders who had years-long records of paying their credit card bills on time, staying below their credit limits, and paying at least the minimum amount due, were nevertheless socked with substantial interest rate increases. Some saw their credit card interest rates double or even triple. At the hearing, three consumers described this experience.

Janet Hard of Freeland, MI, had accrued over $8,000 in debt on her Discover card. Although she made payments on time and paid at least the minimum due for over 2 years, Discover increased her interest rate from 18 percent to 24 percent in 2006. At the same time, Discover applied the 24 percent rate retroactively to her existing credit card debt, increasing her minimum payments and increasing the amount that went to finance charges instead of the principal debt. The result was that, despite making steady payments totaling $2,400 in 12 months and keeping her purchases to less than $100 during that same year, Janet Hard's credit card debt went down by only $350. Sky-high interest charges, inexplicably increased and unfairly applied, ate up most of her payments.

Millard Glasshof of Milwaukee, WI, a retired senior citizen on a fixed income, incurred a debt of about $5,000 on his Chase credit card, closed the account, and faithfully paid down his debt with a regular monthly payment of $119 for years. In December 2006, Chase increased his interest rate from 15 percent to 17 percent and in February 2007, hiked it again to 27 percent. Retroactive application of the 27 percent rate to Mr. Glasshof's existing debt meant that, out of his $119 payment, about $114 went to pay finance charges and only $5 went to reducing his principal debt. Despite his making payments totaling $1,300 over 12 months, Mr. Glasshof found that, due to high interest rates and excessive fees, his credit card debt did not go down at all. Later, after the subcommittee asked about his account, Chase suddenly lowered the interest rate to 6 percent. That meant, over a 1-year period, Chase had applied four different interest rates to his closed credit card account: 15 percent, 17 percent, 27 percent and 6 percent, which shows how arbitrary those rates are.

Then there is Bonnie Rushing of Naples, FL. For years, she had paid her Bank of America credit card on time, providing at least the minimum amount specified on her bills. Despite her record of on-time payments, in 2007, Bank of America nearly tripled her interest rate from 8 to 23 percent. The Bank said that it took this sudden action because Ms. Rushing's credit score had dropped. When we looked into why it had dropped, it was apparently because she had taken out Macy's and J. Jill credit cards to get discounts on purchases. Despite paying both bills on time and in full, the automated credit scoring system run by the Fair Issac Corporation had lowered her credit rating, and Bank of America had followed suit by raising her interest rate by a factor of three. Ms. Rushing closed her account and complained to the Florida attorney general, my Subcommittee, and her card sponsor, the American Automobile Association. Bank of America eventually restored the 8 percent rate on her closed account.

In addition to these three consumers who testified at the hearing, the Subcommittee presented case histories for five other consumers who experienced substantial interest rate increases despite complying with their credit card agreements.

I would also like to note that, in each of these cases, the credit card issuer told our Subcommittee that the cardholder had been given a chance to opt out of the increased interest rate by closing their account and paying off their debt at the prior rate. But each of these cardholders denied receiving an opt-out notice, and when several tried to close their account and pay their debt at the prior rate, they were told they had missed the opt-out deadline and had no choice but to pay the higher rate. Our subcommittee examined copies of the opt-out notices that the companies claimed to have sent, and found that some were filled with legal jargon, were hard to understand, and contained procedures that were hard to follow. When we asked the major credit card issuers what percentage of persons offered an opt-out actually took it, they told the Subcommittee that 90 percent did not opt out of the higher interest rate—a percentage that is contrary to all logic and strong evidence that current opt-out procedures do not provide fair notice.

The case histories presented at our hearings illustrate only a small portion of the abusive credit card practices going on today. Since early 2007, our subcommittee has received letters and emails from thousands of credit cardholders describing sometimes unbelievable credit card practices and asking for help to stop it. These are more complaints than I have received in any other investigation that we have conducted in that subcommittee, or an earlier subcommittee which I chaired, in more than 30 years now in Congress. The complaints stretch across all income levels, all ages, and all areas of the country.

The bottom line is that these abuses have gone on for far too long. In fact, these practices have been around for so many years that they have, in many cases, become the industry norm. Our investigations have shown that many of the practices are too entrenched, too profitable, and too immune to consumer pressures for us to have confidence that the companies will change them on their own. For these reasons, I hope our colleagues will pass the substitute before us. It is time to return common sense, responsibility, and fairness to the credit card industry.

With thanks and gratitude to the leaders in the Banking Committee, Senators DODD and SHELBY, for the initiative they have taken and the courage they are showing in taking on some very difficult and entrenched practices.

With that, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to a period for the transaction of morning business, with Senators allowed to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RENEWABLE ENERGY PERMITTING ACT

Mr. REID. Madam President, I am proud to once again have joined my friend, Senator ENSIGN, in introducing legislation that is good for Nevada and will help create jobs and contribute to rebuilding Nevada's economy.

The Federal Government owns 87 percent of Nevada's land. Nevada reaps tremendous benefits from this land—we have some of the most scenic areas and clearest skies in the country. This land is also blessed with some of the most valuable clean energy resources America has to offer—these resources alone could power the entire Nation with the right investments in our transmission grid.

I could not be prouder that President Obama and Secretary Salazar are committed to using our public lands to develop solar, wind, geothermal and biomass energy resources, and without harming sensitive areas. A week ago Saturday, Secretary Salazar came to Nevada to announce over $26 million in Recovery funding for Nevada—a large portion for expediting renewable energy projects on BLM land. This commitment is invaluable to Nevada's future as the Nation's leader in clean renewable energy.

To continue helping this very effort and to ensure that solar and wind projects on Federal land provide maximum value to the State, Senator ENSIGN and I have introduced the Renewable Energy Permitting Act, REPA. This legislation is very similar to provisions I included in the Clean Renewable Energy and Economic Development Act, S. 539, that I introduced in March of this year.

REPA will help solar and wind projects receive BLM approval more quickly so these projects can begin generating clean energy and creating jobs sooner, rather than later and sustainable economic development opportunities

It will also set aside a portion of the rental fees that are collected by the Government for the use of Federal lands by providing 50 percent of these revenues to the State and 25 percent to the county in which a project is located. Additionally, 20 percent will be placed into a renewable energy permit processing improvement fund for Nevada, Wyoming, Arizona, and California. The last 5 percent will be responsibly set aside to augment the restoration and reclamation that will be needed if and when these facilities are removed from our public lands. Portions of this money will also be available to acquire and protect other sensitive lands. This is an important step since, during the operation of these beneficial renewable energy facilities, the American people will lose access to hundreds of thousands of acres of incredible open space and wildlife habitat.